

AMENDED IN ASSEMBLY APRIL 7, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

Assembly Concurrent Resolution

No. 162

Introduced by Assembly Member Dababneh

March 30, 2016

Assembly Concurrent Resolution No. 162—Relative to Financial Aid and Literacy Month.

LEGISLATIVE COUNSEL’S DIGEST

ACR 162, as amended, Dababneh. Financial Aid and Literacy Month.

This measure would declare the month of April 2016 as Financial Aid and Literacy Month, with the theme of “Prosperity Through Education,” to raise public awareness about the continuing need for increased financial literacy.

Fiscal committee: no.

- 1 WHEREAS, California law requires that financial education,
2 including budgeting, managing credit, student loans, consumer
3 debt, and identity theft security, is included in the next revision of
4 the social sciences, health, and mathematics curricula; and
5 WHEREAS, The State of California established the Bank on
6 California Program to raise awareness among unbanked consumers
7 about the benefits of account ownership and to spur Californians
8 to open accounts; and
9 WHEREAS, The Bank on California Program makes quality
10 money management education more easily available to low-income
11 Californians and raises statewide awareness of the unbanked
12 problem and potential solutions; and

1 WHEREAS, Less than 20 percent of teachers feel equipped to
2 teach personal finance and more than one in six pupils in the United
3 States do not reach the baseline level of proficiency in financial
4 literacy; and

5 WHEREAS, According to American Consumer Credit
6 Counseling, the United States ranks 14th on the global list of
7 financially literate countries, behind countries like the Czech
8 Republic and Singapore; and

9 WHEREAS, Nearly one in four adults admit that they do not
10 pay their bills on time; and

11 WHEREAS, According to a GOBankingRates.com survey, 62
12 percent of Americans have less than \$1,000 in their savings
13 accounts; and

14 WHEREAS, According to Sallie Mae's "How America Saves
15 for College 2015," on average, parents saved \$10,040 for college,
16 the lowest level in three years; and

17 WHEREAS, 79 percent of parents believe it is more difficult
18 for today's parents to save and pay for college than it was for their
19 parents' generation; and

20 WHEREAS, Families that do not save for college typically do
21 not save generally. Parents who are not saving for college have
22 had, on average, 65 percent less money saved for all purposes than
23 those who are saving for college; and

24 WHEREAS, The top reason cited for not saving for college is
25 that families do not have enough discretionary money to set aside
26 exclusively for a child's college education. More than 80 percent
27 of parents cite this as a major or minor reason for not having started
28 to save for college; and

29 WHEREAS, Nearly 67 percent of non-college-saving parents
30 are not saving for college because they assume their children will
31 be able to use financial aid or scholarships to cover the cost of
32 paying for college; and

33 WHEREAS, According to the Junior Achievement 2015 Teens
34 & Personal Finance Survey, 48 percent of teenagers think that their
35 parents will help pay for college, but only 16 percent of parents
36 of teenagers report planning to pay for postsecondary education;
37 and

38 WHEREAS, Parents serve as teenagers' biggest teachers when
39 it comes to money management skills. Eighty-four percent of
40 teenagers report looking to their parents for information on how

1 to manage money, but 34 percent of parents say their family's
2 approach to financial matters is to not discuss money with their
3 children; and

4 WHEREAS, Parents who do talk to their children about money
5 are often leaving girls out of the conversation. Teenage girls are
6 more likely than teenage boys to say that their parents do not talk
7 to them enough about money management (40 percent to 24
8 percent) and paying for college (34 percent to 23 percent); and

9 WHEREAS, The number of teenagers who think that their
10 parents do not spend enough time talking to them about managing
11 money rose from 21 percent in 2014 to 32 percent in 2015; and

12 WHEREAS, According to the Council for Economic Education's
13 2016 Survey of the States, student loan debt is more than \$1.3
14 trillion, the second largest class of consumer debt after mortgages;
15 and

16 WHEREAS, The college graduating class of 2014 graduated
17 with an average of nearly \$29,000 in student loan debt; and

18 WHEREAS, Undergraduate students typically can use
19 scholarships and grants to cover only about 31 percent of the total
20 average cost of one year of a college education; and

21 WHEREAS, 75 percent of credit card-carrying college students
22 did not know they would be hit with late payment fees; and

23 WHEREAS, 4 in 10 millennials say they are overwhelmed with
24 debt and more than one-half say they are living
25 paycheck-to-paycheck, leaving them no ability to save for the
26 future; and

27 WHEREAS, According to a study by PwC and the George
28 Washington Global Financial Literacy Excellence Center of
29 millennials ages 23 to 35, inclusive, millennials are the age group
30 with the lowest level of financial literacy. Only 24 percent
31 demonstrated basic financial literacy, and only 8 percent
32 demonstrated high financial literacy; and

33 WHEREAS, Millennials are "financially fragile" in the sense
34 that nearly 50 percent do not believe they could come up with
35 \$2,000 if an unexpected need arose within the next month, nearly
36 30 percent are overdrawing on their checking accounts, and 53
37 percent carried over a credit card balance in the last 12 months;
38 and

39 WHEREAS, Only 36 percent of millennials have a retirement
40 account, 17 percent with an account took a loan in the past 12

1 months, and 14 percent took a hardship withdrawal in the past 12
2 months; and

3 WHEREAS, Many employers, government agencies, schools,
4 service groups, community organizations, libraries, financial
5 institutions, and nonprofit entities, including, but not limited to,
6 FDIC: Money Smart, the Consumer Financial Protection Bureau's
7 Office of Financial Empowerment, the California Jump\$tart
8 Coalition, the CalCPA ~~Financial Literacy Committee~~, *Institute*,
9 the New America Foundation, SparkPoint Centers, America Saves,
10 the United Way Financial Literacy Program, Junior Achievement
11 Finance Park, and the Girl Scouts of America, have created
12 programs to help people improve their financial literacy skills; and

13 WHEREAS, Resolutions similar to this resolution have been
14 introduced and passed with strong bipartisan support to increase
15 awareness of the need for financial literacy for California citizens;
16 now, therefore, be it

17 *Resolved by the Assembly of the State of California, the Senate*
18 *thereof concurring*, That the Legislature hereby declares the month
19 of April 2016 as Financial Aid and Literacy Month, with the theme
20 of "Prosperity Through Education," to raise public awareness about
21 the continuing need for increased financial literacy; and be it further

22 *Resolved*, That legislators, employers, government agencies,
23 schools, service groups, community organizations, libraries,
24 financial institutions, and other nonprofit entities should be
25 encouraged to provide all Californians with the opportunity to
26 obtain or improve their financial literacy skills; and be it further

27 *Resolved*, That the Chief Clerk of the Assembly transmit copies
28 of this resolution to the author for appropriate distribution.